

# MINUTES OF THE ASSESSING STANDARDS BOARD

## **Approved as Amended**

**DATE:** March 11, 2016

**TIME:** 9:30 a.m.

**LOCATION:** NH Dept of Revenue, 109 Pleasant Street, Concord NH

## **BOARD MEMBERS:**

Senator Bette Lasky ~ *Absent*  
Senator Regina Birdsell  
Representative Peter Schmidt  
Representative Mark Proulx  
Stephan Hamilton, NHDRA  
Len Gerzon, Public Member, Chairman  
Jim Wheeler, Municipal Official, City  
Paul Brown, Municipal Official, Towns >3,000

Eric Stohl, Municipal Official, < 3,000  
Robert Gagne, NHAAO  
Rick Vincent, NHAAO, City Official  
Loren Martin, Assessing Official, < 3,000  
Marti Noel, Assessing Official, > 3,000  
Betsey Patten, Public Member  
Thomas Thomson, Public Member

## **MEMBERS of the PUBLIC:**

Mary Pinkham-Langer, NHDRA  
David Cornell, NHDRA  
Cindy Brown, BTLA  
Scott Dickman, NHDRA  
Todd Haywood

Rex Norman  
Teresa Rosenberg, Devine Millimet  
Jon Duhamel, Laconia  
Jim Michaud, Hudson

Chairman Gerzon convened the meeting at 9:30 a.m.

Introductions followed.

## **Minutes**

***Mr. Bob Gagne moved to accept the minutes, Senator Birdsell seconded.*** Mr. Jim Michaud requested that on page 3, 4<sup>th</sup> paragraph, that “*and stated this may fall under 3627*” be struck from the record. Ms. Loren Martin confirmed that the first full sentence of the 1<sup>st</sup> paragraph on page 4 did read correctly (clerk had questioned as audio was not clear due to “outside” noise) – bolding of that sentence was removed.

## **I & E Whitepaper Subcommittee Update**

Ms. Marti Noel discussed the I & E Whitepaper subcommittee. She advised that the assessors were concerned that they were not getting a lot of Income and Expense information which made it very difficult to be able to apply an income approach to income producing properties. If the values are too low, they have no way to reconcile that information and the concern is having good information to work with to begin with. She recognized Mr. Bob Gagne, Ms. Betsey Patten, Mr. David Cornell, Mr. Mark Dickey, Mr. Jim Michaud, Mr. Rex Norman, Ms. Rosann Maurice-Lentz and Mr. Bill Ingalls. She advised there were several members that were assessors as it was a concern of the assessing committee, and they wanted a diverse group to discuss some of the problems that have occurred. She spoke of the advantages of a mandatory disclosure and referred to paperwork she had handed out for review as well as her concern that they’re receiving less and less information/responses. She also advised that she would not recommend staying at the status quo as she feels it is losing ground and creates an untenable situation. She would like the board to encourage and to support any legislation to provide accurate information and to address the concerns of the people providing the information. Chairman Gerzon would like this on the agenda for the next meeting. Mr. Eric Stohl asked Ms. Noel if she felt that, “as an assessor, if the assessment of these properties is being done the best they can be?”

Ms. Noel answered no as they are getting less and less good information. Mr. Robert Gagne also stated that with the lack of good information, the values are as reasonable as they can be with the data that they have. He further advised that they would have a much better comfort level with those numbers being solid if they had the information – the information could be better. Mr. Stohl then asked if a homeowner refused an assessor entry to his home to gather needed data to assess the property, “there is a mechanism for the assessor to address that, correct?” Mr. Gagne stated no, if they don’t have access, they estimate the value based on the best information available. They cannot assess it higher. Mr. Gagne clarified that if a homeowner refuses entry into their home, if they make an estimate based on what their guess is for the data, it impacts that property only. However, if they make a guess on the income the property can generate, it affects all the properties of that type. A conversation followed regarding entrance being denied, the BTLA, appeals, percentage of appeals, commercial properties etc. Mr. Scott Dickman spoke of fee simple, leased fee and market rents etc. A discussion followed between Mr. Dickman and Mr. Gagne. Mr. Rick Vincent advised he can see this being right back in the pole/conduit situation if something isn’t done. Representative Schmidt spoke of Ways and Means, different versions, coming to terms with some of the variables and hoping the outcome can be improved. He further stated the board should wrestle with what they *can* do knowledgeably and then present to the legislature. Mr. Gagne agreed and advised that he did not think legislature would ever be successful if the board doesn’t make some kind of recommendation; and then spoke of transparency.

### **Legislative Update**

Representative Proulx advised that HB1198 came up and was amended to 40 year and 20% floor. RSA 21-J:14-b, 74:19, RSA 75:1 were all covered/amended. Mr. Jim Michaud advised that he thinks the ASB should make a representation of itself to the senate. Ms. Betsey Patten discussed her thoughts on 40/20 & 50/20. Chairman Gerzon asked the board if they felt they should represent themselves and asked for input. **Mr. Steve Hamilton advised he thought it would be appropriate to ask the Chair to represent the ASB in front of the senate committee to take a vote on whether they would support the “as amended and adopted by the house version”. Mr. Gagne made that motion and Mr. Paul Brown seconded.** Representative Schmidt advised he would vote for this motion and Chairman Gerzon advised he would abstain from the vote when it goes.

Mr. Hamilton spoke of his concern with the original amendment passed by the Ways and Means etc. A discussion followed regarding formula, misunderstanding of current lawsuits and future lawsuits. The discussion then turned to Representative Abrami’s committee amendment (defeated), Representative Almy’s version amendment (mostly what the board recommended - passed) and another amendment offered that had everything coming to a stop until all the lawsuits had been decided, withdrawn etc. (defeated).

The meeting was then brought back to the motion on the floor to vote; **the motion passed 7 – 5** with Chairman Gerzon abstaining. Chairman Gerzon confirmed that he would prefer that Ms. Patten accompany him to the Senate.

Mr. Paul Brown passed out paperwork regarding HB 1198, calculation of annual depreciation. Mr. Brown and Mr. Gagne discussed the differing calculations.

Mr. Jim Michaud discussed four bills; HB 1198, HB 430, SB 121 and SB 442. Representative Schmidt and Mr. Michaud had a brief discussion regarding bills and motion of reconsideration unlikely etc.

### **USPAP Standard 6**

Chairman Gerzon asked Mr. Steve Hamilton to speak on USPAP Standard 6. Mr. Hamilton talked of mass appraisal technique, appraisal practices, how Standard 6 only consists of a few pages, standard tax assessment of property, special purpose properties, single property technique, transparency and transparency gap. He also covered utility and special purpose properties and that the appropriate standard for reporting that kind of valuation work is not USPAP Standard 6, but USPAP Standards 1 & 2. He further discussed correspondence that is starting to come in regarding the lack of transparency and the lack of standards for the valuation and reporting of the utility properties. This is in contrast to regular properties that have adopted Standard 6. He also advised that for the mass appraisal you have to find market value to be between 90 – 110%, a coefficient of dispersion of less than 20%, and a price related differential of between .98 and 1.03. They’ve adopted those standards and then take those results and reflect the results against those standards. He said for those special

purpose properties (single property appraisals), they haven't adopted a standard – they have no way to compare the result of the appraisal at the local level with an adopted standard. He also stated they can begin to answer concerns about the lack of standards for those special purpose property appraisals if they start to move toward adopting the uniform standards in its entirety and eliminate the reference in the law that limits them to the Standard 6. **Mr. Hamilton then made a motion that the ASB recommend to the Legislature that in RSA 21-J:14-b (c) the reference to Standard 6 be eliminated. Ms. Betsey Patten seconded.** Ms. Loren Martin voiced her concern that this was being brought up again in a meeting like this to try and make this motion pass without aforementioned notice so assessors could be there to discuss. Chairman Gerzon corrected this comment by stating it was on the agenda and the board had gone through all of 2014 and most of 2013 talking about this issue. Ms. Martin stated this has been before this board on numerous occasions and it had not passed. Chairman Gerzon replied it was never raised for vote – it was tabled – this is the first vote they have ever had. Ms. Martin advised she recalled in November when it was presented by Ms. Patten - they didn't have a vote on it, it was tabled. She did recall it being before the full board on numerous occasions but would have to look through the minutes to confirm. Ms. Patten mentioned they've talked about it for years. Mr. Hamilton and Chairman Gerzon advised it had been on the priority list for 3 years. Mr. Hamilton stated they spent an entire meeting in 2014 discussing this issue, he felt, exhaustively. He also believed that when it was brought up by Ms. Patten in November it was unanimously decided that they were not going to take it up at that point. He felt that the time is now to move in the direction of creating these standards although it would take a lot more work with the assessors and the municipalities etc. Ms. Marti Noel expressed her concern regarding the significant amount of costs that will come down to the municipalities when it comes to the point of having to produce a Standard 1 and 2 report for any property that doesn't fall under mass appraisal. Mr. Gagne asked Mr. Hamilton if this change would open the door to the Department (DRA) dictating which properties would be appraised as individual property appraisals as opposed to the mass appraisal effort. Mr. Hamilton advised this would not be the case. He explained that assessors who have certifications from places like IAAO and NHAEO are already bound by the entirety of USPAP. The Uniform Standard is self-declaratory so the appraiser declares when a property is a single property or part of mass appraisal. It is clear in the standard that exists that the burden is on the appraiser. Mr. Gagne and Mr. Hamilton discussed Mr. Gagne's comment regarding scant information and a number conceivably being written on a piece of paper and submitted. Mr. Hamilton admitted that is a worst case scenario and it does happen.

Mr. Rick Vincent asked about a compliance report being needed that complied with Standards 1 and 2 during a revaluation for any special use of property. Mr. Hamilton explained this can be answered in two ways. First, a report that complied with Standard 6 currently: if a community does a reappraisal and assessed taxes and does not get a Standard 6 report – there is no penalty. Second, if the mass appraisal that is developed included the valuation of the property (universal properties) and they use that mass appraisal technique, the answer is no – it's just another part of the mass appraisal. He also stated that at times the DRA is asked by towns if their report complied with USPAP. The DRA is without statutory authority to do this as their review of the report is limited to Standard 6. Also, when they receive a single property appraisal report under Standard 1 and 2, they do not have any ability to review it and report back to the municipality. Mr. Hamilton stated that fundamentally, that is what the DRA's role is: having a standard to look at, comparing the results to that standard and reporting back to the municipality and to this board. He further advised the Department's role is not to require a report under any circumstances, although they will report it if they don't find a report that complies with Standard 6.

Mr. Gagne suggested tabling until the next meeting for (new) members of the board to "get up to speed" etc. Chairman Gerzon and Mr. Hamilton discussed the times this has been tabled since 2013 and reiterated their concern in letting this go indefinitely. Mr. Hamilton realized they cannot make a vote today but he is concerned about the transparency gap. Mr. Gagne asked if this can be accomplished this session; Mr. Hamilton was unsure as it would be a long process. Senator Birdsell spoke of a possible amendment to one of the bills, but as chair of PMA she has to defend this and she needs to know exactly what she is defending. She preferred to wait until next month, sit with Mr. Hamilton and hear the assessors' concerns etc. Mr. Hamilton and Ms. Patten withdrew their motion and second. **Mr. Hamilton then moved for a motion to continue this issue as an active agenda item and not a priority list item. Representative Proulx seconded. All were in favor of tabling for the agenda of the next meeting.** Mr. Jim Michaud spoke of members that were not here for the previous years and making the paperwork available to them that was available to previous members. A short discussion followed regarding past years' minutes etc. as well as a discussion about information being submitted relative to this issue etc. Ms. Marti Noel agreed this needs to be put to rest even with differing views. Mr. Dickman spoke of new documentation (John Brennan from USPAP) being submitted. A discussion followed.

### **Next Meeting**

A discussion followed to set up the next meeting. A tentative meeting was set for May 16<sup>th</sup> at 9:30 a.m. Mr. Michaud stated that many assessors will not be available as they will be attending a regional assessors' conference in Maryland.

**Chairman Gerzon moved to adjourn; and Ms. Noel seconded.**

Respectfully submitted,

Elizabeth McGill

Municipal and Property Division  
NH Department of Revenue Administration

All meetings are recorded and are available upon request.

Documentation relative to the Assessing Standards Board may be submitted, requested or reviewed by:

Telephone: (603) 230-5967  
Facsimile: (603) 230-5947  
Web: [www.revenue.nh.gov](http://www.revenue.nh.gov)  
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In person at:  
109 Pleasant Street, Concord  
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